



SUBMISSION

Vocational Education and Training Review

1 February 2019

1. Contents

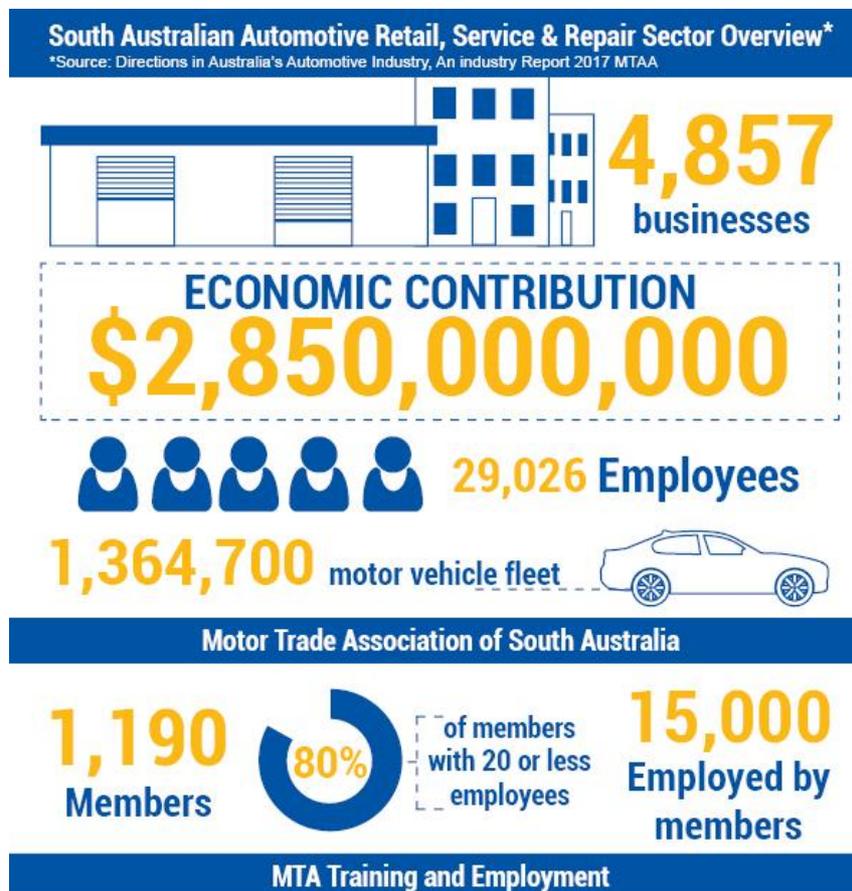
1. Contents.....	2
2. About Us.....	3
3. Executive Summary	5
4. Key Recommendations	7
5. Terms of Reference.....	9
6. Responses to the Terms of Reference.....	10
VET funding, policy and regulatory settings & Skills shortages in VET- related occupations	10
Expected changes in future work patterns & the flexibility of qualification structures.....	12
Community perceptions of the effectiveness of the VET sector	13
Additional support for vulnerable cohorts	20
7. Next Steps.....	22
8. Submission Contact	22

2. About Us

The Motor Trade Association of South Australia is the only employer organisation representing the interests of automotive retail, service and repair businesses in the state.

The MTA Training and Employment Centre comprises of both our Registered Training and Group Training Organisations. It is the automotive industry's training provider of choice and is the largest employer of automotive apprentices in South Australia.

The MTA is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.



We currently have over **800** apprentices in training

We also directly employ **500** apprentices through **240** host businesses

DIVISIONS



MOTOR TRADE ASSOCIATION

AUSTRALIA AUTOMOBILE DEALERS ASSOCIATION (SA) DIVISION



MOTOR TRADE ASSOCIATION

AUTO REPAIR AND ENGINEERING DIVISION



MOTOR TRADE ASSOCIATION

AUTOMOTIVE DISMANTLERS DIVISION



MOTOR TRADE ASSOCIATION

BODY REPAIR SPECIALISTS DIVISION



MOTOR TRADE ASSOCIATION

COMMERCIAL VEHICLE INDUSTRY ASSOCIATION (SA) DIVISION



MOTOR TRADE ASSOCIATION

FARM AND INDUSTRIAL MACHINERY DEALERS ASSOCIATION (SA) DIVISION



MOTOR TRADE ASSOCIATION

LICENSED VEHICLE DEALERS DIVISION



MOTOR TRADE ASSOCIATION

MOTORCYCLE INDUSTRY ASSOCIATION OF SA DIVISION



MOTOR TRADE ASSOCIATION

VEHICLE RENTAL DIVISION



MOTOR TRADE ASSOCIATION

TYRE DEALERS DIVISION



MOTOR TRADE ASSOCIATION

SERVICE STATION DIVISION



MOTOR TRADE ASSOCIATION

TOWING SERVICES DIVISION

3. Executive Summary

The review of Vocational Education and Training policy comes at a critical time for Australia's future workforce development.

The increasing demand for skilled workers, existing skills shortages and the debate around skilled migration levels all pose significant risks for the current and future sustainability of the automotive industry, as it goes through an unprecedented period of technological and demographic disruption requiring additional entrants to the industry and new approaches to skills training.

The MTA's primary concerns in relation to the current system consist of four parts:

- The decline in apprentice commencements and completions concurrent with the acceleration of the skills shortage The skills levels of entrants to the VET system and their subsequent skills base as they progress through it
- The complexity and imbalances of the system
- The disconnect between VET and employment outcomes

As an industry association that also operates a Registered Training Organisation with 900 apprentices and a Group training Organisation, the largest in South Australia, and who is one of TAFE's biggest customers, we are uniquely placed to offer insights as to the changes necessary to improve the performance of the VET system.

The MTA holds the fundamental view that skills training needs to be geared towards delivering job outcomes, rather than simply delivering training.

This requires recognition of the vital role of public, private and industry based training providers, including GTOs, in the form of funding and regulatory parity.

We have proposed a series of recommendations that give effect to these core principles through an increased level of industry engagement in the operation and delivery of VET throughout the training continuum, from school to employment.

This will facilitate more accurate and timely responses to the rapidly changing needs of the automotive industry and a reduction in the administrative costs to government of the VET system, which can then be redeployed into service delivery.

We believe a strong and successful VET system is essential to the economic prosperity of the nation and to the sustainability of the automotive industry. That is why it is essential that due consideration be given to maximising the knowledge and willingness of industry to partner with government to make Australia's VET system the best in the world.

4. Key Recommendations

In light of the significant regulatory variations between states, we recognise that some submissions to the review have included recommendations that replicate current practice in other jurisdictions. We suggest that where these recommendations create replication, they should be considered an opportunity to develop a nationally harmonised response that reduces duplicate functions and the regulatory burden of RTOs through a single national approach.

The MTA makes the following recommendations in relation to this submission,:

- The Federal Government set a renewed national vision for vocational education and training that places jobs as the key performance measure of the VET system, supported by a series of KPIs that support increased utilisation of the system.
- The Federal Government fund a national campaign to promote the value of apprenticeships to employers, job seekers, students, careers advisors and parents
- The overall cost burden associated with businesses employing apprentices be reduced through the provision of improved support measures, particularly in schools and in relation to retention, and incentives to employers, including travel costs in regional locations
- An industry-led, competency-based system built around occupational skill standards should remain as the foundation of the VET system
- Current models of industry engagement in VET as determined by Australian Industry Skills Committee (AISC) and Industry Reference Committees (IRCs) be re-evaluated with a view to strengthening the

level of industry and RTO engagement towards the design and skills content of VET qualifications

- Increased access for industry bodies that provide quality career advice in schools through direct engagement
- Skills policy and funding arrangements must be balanced and both recognise and reflect the necessity of strong public and industry based training providers
- Layers of complexity must be reduced and there be harmonisation of across Commonwealth and State jurisdictions
- The Federal Government partner with the automotive industry through MTAA to:
 - Increase the quality of apprentices and numbers of commencements through development of regional, school based and mature age programs
 - Partner with industry and fund programs to develop, deliver career pathways incorporating work experience, practical application and streamlined entry to the VET for automotive professions

5. Terms of Reference

- The Review will have regard to VET funding, policy and regulatory settings and how they can be optimised to support both school leavers and workers in order to maximise the attainment of relevant skills and employment outcomes from the VET sector.
- It will examine skills shortages in VET-related occupations, in particular any tension between VET outcomes and the needs of industries and employers, and what might be done to better align these.

It will consider expected changes in future work patterns and the impact of new technologies and how the VET sector can prepare Australians for those changes and incidental opportunities

- The Review may consider the flexibility of qualification structures, particularly for mid-career workers, and for industries seeking rapid deployment of new skills.
- The Review may have regard to community perceptions of the effectiveness of the VET sector and the accessibility and utility of information about VET options and outcomes, both for employers and students, including information linking training options to employment outcomes.
- It may review whether additional support is needed for vulnerable cohorts, including those currently unemployed and at risk of unemployment, or those with low literacy and numeracy skills.

6. Responses to the Terms of Reference

VET funding, policy and regulatory settings & Skills shortages in VET-related occupations

The Terms of Reference for this Review establish that its purpose is to:

“... focus on how the Australian Government’s investment in VET could be more effective to provide Australians with the skills they need to be successful throughout their working life. It will also focus on ensuring Australian businesses, including small and family businesses and businesses in rural and regional areas, have the skills they need to support their business growth”

The effectiveness of the Federal Government’s investment in VET can only be determined if the objectives of the VET system are clear and reporting measures reflect those objectives.

The MTA considers that the current purpose of the VET system is unclear, leading to confusion amongst stakeholders as to their place in the system and how to manage their participation within it. This is largely the result of the complicated VET structure that operates in Australia.

It is important to note that the term ‘TAFE’ is used interchangeably with ‘VET’ to describe the Vocation training system. In fact, we should recognise that there are three types of VET providers, public, private and industry based, operating simultaneously under State and Federal regulatory and funding arrangements.

In effect, Australia has 8 VET systems operating a supposedly national program.

The objectives of these systems vary greatly, in response to a variety of factors which include:

- Local labour market needs
- Regulatory and funding structures
- Political considerations
- Geography

The MTA considers that there needs to be national benchmarks instituted in order to align priorities across jurisdictions and providing a unity of purpose to the VET system.

We consider that VET system should have securing employment for its participants as its primary objective.

To facilitate this, new short term Key Performance Indicators should be implemented, acting as a baseline, to counter the recent decline in apprenticeship commencements and completions. There must also be new reporting measures, to track the movement of VET participants into employment. This should be adjusted to include growth upon attainment.

The MTA suggests the following benchmarks as short terms targets:

- Returning trade apprenticeship commencements to 2013 levels (99,000 nationally vs 72,000 in 2017)
- Returning trade apprenticeship completions to 2014 levels (63,000 nationally vs 41,000 in 2017)
- Increasing apprentices in training to 2013 levels (204,000 in training as at 31 December 2013 vs 163,000 as at 31 December 2017)
- 75% of participants in Certificate One and Two courses have attained employment in a trade qualification related industry within 12 months of completion

Achievement of these targets will require a repurposing of existing funding towards the development of programs that allow industry and industry associations to directly participate in the delivery of guidance and training in schools and training package development. This should include industry based facilitators who can guide students through the complexity of VET and employment.

It will also require closer co-operation between public training providers and industry, including industry based Group Training Organisations, in order to meet the conversion KPI described above.

The MTA also considers that there is an enormous opportunity to increase the level of participants by recognising that productivity levels of first year apprentices are practically the same whether an apprentice is covered by a Junior Award or an Adult Award. Therefore the additional cost of hiring an adult apprentice compared to a junior apprentice effectively prohibits their employment if they are subject to the Adult Award. In the first year of an apprenticeship this difference is more than \$5 per hour.

Subsidising the difference between these two rates of pay would foster greater employment of adult apprentices in the 21-25 year age group in the automotive industry.

Expected changes in future work patterns & the flexibility of qualification structures

The automotive industry is facing an unprecedented period of technological disruption that requires fundamental change to how we prepare new entrants for a career within it.

The MTA has worked closely with PwC, the Skills Service Organisation for the automotive sector Industry Reference Committee, which develops the training packages delivered by RTOs.

We recently held an industry consultation with PwC on the development of the next generation of training packages for the automotive industry.

A key learning from this process was the need for greater industry involvement in the development of these training packages, as the current and proposed curriculum was not reflective of the technology and methods currently used in industry.

The MTA has also found that there are significant inefficiencies associated with the development of training packages by third parties who have no direct involvement or history in the industry.

In previous iterations of the Skills Service Organisation, industry based organisations were able to efficiently focus on the future needs of the industry and had an intuitive understanding of the development trends in the industry.

Currently, these nuances and trends have to be explained alongside the fundamental technical aspects of the training packages, before future needs can be considered.

A return to direct industry management of the training package process, including the delivery of industry scans and workforce data, is recommended to better align the VET system with current industry needs.

Community perceptions of the effectiveness of the VET sector

According to the Automotive Direction E-Scan conducted in 2017, it is estimated that there are 1,600 automotive employment positions in South Australia that cannot currently be filled due to a lack of suitably qualified apprentices, a 50 per cent increase to the previous E-Scan. The MTA has undertaken extensive consultation with industry, public and private training providers, schools and students over the last five months to identify the barriers to students transitioning from school to employment in the automotive retail, service and repair industry. These barriers include:

- Lack of informed advice on transitioning from school to work
- Training and exposure to VET was not igniting interest in students, and there was no specific campaign for parents and custodians. Lack of automotive industry specific awareness
- Lack of promotion of group training options for employment
- Difficulties in sourcing work placements with employers
- Difficulties in understanding how to navigate administrative requirements
- Apprentice productivity
- Literacy and numeracy levels
- Hand skills
- Minimal interaction with an automotive environment

Why?

The MTA has undertaken extensive consultation with industry, public and private training providers, schools and students over the previous year to identify the barriers to increased levels of apprentice commencements.

All stakeholders agreed that apprenticeships were a critical component of the transition from school to employment. They are recognised as the primary gateway for students and young people to enter technical trades.

However, it is evident from both the statistical evidence¹ and stakeholder feedback² obtained during industry consultations that significant barriers exist to increasing interest and participation in apprenticeships across all trades and the automotive trades in particular.

Principally, the barriers identified fell into two categories.

- The low volume of industry entrants (Quantity)

¹ *Directions in Australia's Automotive Industry*, An Industry Report, Victorian Automotive Chamber of Commerce, 2017.

² Face to face interviews across stakeholder groups, conducted between March and August 2018.

- The relative low quality of industry entrants (Quality)

Quantity

Stakeholders identified that there were several factors underlying the low number of students entering automotive apprenticeships and therefore the automotive industry.

These factors can be summarised as follows:

- Perceptions by parents and students that the automotive industry is an undesirable career path
- A lack of understanding by students of how to enter the industry and what is required of the modern automotive workforce
- A lack of understanding by VET Co-ordinators and career counsellors regarding the opportunities and pathways available to students to enter the automotive industry
- The lack of productivity of adult apprentices who require as much face to face mentoring and training as junior apprentices
- A need for greater access to pre-employment and taster type programs that allowed for potential new entrants and employers to “try before they buy”

Case Study One – METROPOLITAN TAFE CERT 2 STUDENTS

Consultations at a major metropolitan TAFE campus with Cert 2 Automotive Servicing students revealed that:

1. Only 1 student (mature age), had a driver’s licence
2. None were aware of group training options for employment
3. All had been required to find their own work placements or employers. This usually involved doorknocking local businesses without interview preparation.
4. Most had a family history in the automotive trades or motorsport
5. It was difficult for them to understand how to navigate through the complex labyrinth of grants, funding pools, obligations and requirements necessary to become qualified and find a trade

Case Study Two – MAJOR REGIONAL HIGH SCHOOL WITH AN AUTOMOTIVE PROGRAM

Consultations and observations at a major regional high school with an automotive workshop and training program revealed that:

1. Advice to transitioning from school to work was limited and self-interested
2. Training and exposure was not igniting interest in students, and there was no parental involvement
3. Career counsellors and VET coordinators had no specific knowledge of the automotive industry, despite their best intentions, and therefore their advice and guidance was constrained.
4. There was a high level of interest in automotive courses, but this failed to materialise into participation in the program.

Quality

Similarly, stakeholder feedback consistently identified that the quality of the training and the student's readiness for work were directly proportional.

From the student/learner perspective, there was low awareness and recognition of the importance of foundational skills such as Language, Literacy and Numeracy, the need for work readiness, awareness of and ability to identify tools and perform basic workshop tasks, and strong negative perceptions, largely driven by parents and older family influences, of the automotive industry.

“My mum didn’t want me to do anything in automotive because it’s dead.” *Comment by a TAFE Cert 2 Student*

Conversely, employers identified that apprentices learning within their workshops, either through school based apprenticeships or Cert 3 apprenticeships, did not have sufficient levels of skill to be productive in their business and they did not have the time to be able to “hold their hand”.

This was particularly true of small independent workshops, which are most in need of additional skilled labour and provide the fastest route to career progression and business ownership.

Businesses, learners and trainers all identified or demonstrated that one of the key issues in motivating students to undertake and complete VET was the absence of an answer as to why they should do certain things.

For example:

- Why should I do maths if I want to work on cars?
- Why do I need to know how to spell or write neatly if I'm working with tools?
- Why do I need to show up on time?

Business owners and training providers have universally identified the need for a dedicated and sustained program in schools to lift the awareness of industry opportunities and the skills base of potential apprentices prior to them commencing paid employment through an apprenticeship.

However, it is also clear that the current structure of school VET programs and the interaction VET coordinators and career counsellors have with both industry and students are not facilitating this outcome.

Notably, the ability of current VET in Schools programs to reach parents and families appears to be very limited.

Motivating parents and educating them of the opportunities available and the required learnings necessary to seize those opportunities were fundamental to the success of students choosing to engage in VET programs with the right attitude and 'sticking with it' through to completion.

This correlates to ensuring that students entering the program do so with a willingness to learn. If such a mindset was absent then industry considered that no amount of talent or ability countered this.

There is also growing recognition that industry is required to have a greater direct role in promoting the opportunities in the industry, leveraging off the rapid advances in technology evident in the automotive industry and the need for skilled labour.

These outcomes of that consultation are summarised below:

Industry	Public Training Providers	Private Training Providers	Students	Schools
Literacy and numeracy standards inadequate	Need for technology focus in marketing the industry	Need for technology focus in marketing the industry	Need for technology focus in marketing the industry	Need for technology focus in marketing the industry
Lack of knowledge of equipment and basic procedures	Lack of knowledge of equipment and basic procedures	Lack of knowledge of equipment and basic procedures	Need for more direct industry engagement with schools and TAFE	Lack of knowledge of equipment and basic procedures
Requirement for more intensive on the job training than currently provided for	Apprentices must have a willingness to learn	Apprentices must have a willingness to learn	Students looking for careers	Apprentices must have a willingness to learn
Need higher levels of work readiness	Need for more direct industry engagement with schools and TAFE	Literacy and numeracy standards inadequate	Have an interest/ background/ excited about automotive	Need for more direct industry engagement with schools and TAFE
Productivity cost to business	Literacy and numeracy standards inadequate		Achieving SACE important	Achieving SACE important
Need for technology focus in marketing the industry			Literacy and numeracy standards inadequate	Literacy and numeracy standards inadequate

Industry	Public Training Providers	Private Training Providers	Students	Schools
Difficult for apprentices to find apprenticeships and associated funding			Apprenticeship system very difficult to understand	
Apprentices must have a willingness to learn			No assistance to engage with industry	

Additional support for vulnerable cohorts

The MTA considers that there are three cohorts in particular that require additional support in order to maximise the effectiveness of the VET system in delivering employment outcomes. These are:

- 1st and 2nd year automotive apprentices
- School leavers
- Mature age jobseekers aged 21 to 25

1st and 2nd year automotive apprentices

The MTA is a provider of Industry Specific Mentoring of Australia's Apprentices services to over 320 1st and 2nd year apprentices,

This program has delivered outstanding results in the automotive space in terms of retaining apprentices at risk of cancellation, with a 95% retention rate compared to a 50% retention rate observed absent the program.

Typically, the apprentices are at risk of cancellation as a result of integration issues as they transition from a school learning environment to a workplace

environment. While this is a common occurrence across many industry sectors, it is exacerbated in the automotive industry as a result of the unique combinations of complex and dangerous equipment and machinery utilised, the large work volumes, and the risk management consequences associated with faulty workmanship.

The MTA considers this to be an essential program for the automotive industry if we are to ensure apprentices complete their apprenticeship.

Accordingly, we recommend that the program should be further extended for a minimum of four years to complete the apprenticeship cycle and ultimately made a permanent base funding program.

School leavers

Through our consultations with industry, and as observed through our own RTO, the literacy and numeracy standards of students exiting the school system in order to enter the VET system are consistently poor. A number of support programs involving external providers, and after hours assistance from RTO trainers, are required to enable complete them to their apprenticeship.

In addition, a number of applicants fail to enter an apprenticeship because they do not pass the government mandated Literacy, Language and Numeracy testing pre-requisite for admission to VET.

The MTA recommends that a dedicated program be instituted within the school system to ensure that all school leavers, regardless of the year level completed, are sufficiently proficient in literacy and numeracy so as to pass the VET LLN testing requirements.

Mature age jobseekers aged 21 to 25

As outlined previously in this submission, the MTA considers that there is an enormous opportunity to increase the level of participants by recognising that

productivity levels of first year apprentices are not affected by whether an apprentice is covered by a Junior Award or an Adult Award At present the additional cost of hiring an adult apprentice compared to a junior apprentice prohibits their employment. In the first year of an apprenticeship this difference is more than \$5 per hour.

Subsidising the difference between these two rates of pay would foster greater employment of adult apprentices in the 21-25 year age group in the automotive industry.

7. Next Steps

The MTA is available to provide further information in relation to this submission and to clarify any aspect of it.

This includes meeting with agency representatives and facilitating further consultations with industry on proposed changes.

8. Submission Contact

For further information relating to this submission please contact:

Nathan Robinson
Industry Policy Specialist
nrobinson@mtaofsa.com.au
08 8291 2000 or 0418 829 918